

OSA-4236-65
#1728

REPLY TO:
Audit Liaison Office
P. O. Box 8155
S. W. Station
Washington, D. C.

23 November 1965

SUBJECT: Review of ECP #1987-5 dated 15 November 1965
Airborne Instruments Laboratory
Deer Park, New York

TO : Contracting Officer

1. Scope of Review:

A review has been made, to the extent deemed necessary, of the contractor's cost proposal for a TACAN File. The review consisted of an evaluation of the contractor's estimating procedures together with an examination of the underlying data in support of the proposed quoting rates (labor, overhead, and General and Administrative expense), and travel.

2. Results of Review:

As a result of the selective review performed, the costs proposed are considered reasonable and acceptable, subject to a technical review of the proposed labor hours and the necessity of the overtime hours and travel. A summary of the contractor's proposal, along with the auditor's comments, is as follows:

Direct Labor	\$10,494	(a)
Overhead @ 104%	10,914	(b)
Travel and Subsistence	1,136	(c)
Overtime Premium	47	(d)
TOTAL	\$22,591	
General and Administrative Expense	1,694	(b)
TOTAL COST	\$24,285	
Proposed Fee @ 7.5%	1,821	(e)
TOTAL PROPOSAL	<u>\$26,106</u>	

(a) Since the combined average hourly rate proposed by the contractor compares favorably with the average incurred hourly rate on the 1975 program as well as on ECP 1987-5, the quoting rates are considered reasonable for the purposes of this proposal only.

(b) Although the quoting rates for overhead and G&A are higher than the current year-to-date incurred rates, no adjustment is recommended due to the insignificant differences involved.

(c) The round-trip estimates for travel (including tourist-class air fare and normal subsistence) are considered reasonable:

Two 3-day trips to West Coast @ \$416	\$832
Two 2-day trips to near Mid-West @ \$152	304
	<u>\$1,136</u>

(d) The estimate for overtime premium is based on 25% of the time of a clerk-typist.

(e) The requested fee represents 7.5% of the estimated cost.

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WILLIAM F. EDWARDS
Auditor General Representative (APL)